

2017 Regular Session

HOUSE BILL NO. 454

BY REPRESENTATIVE ABRAMSON

TAX CREDITS: Extends the sunset and provides for the amount of the Angel Investor Tax Credit

1 AN ACT

2 To amend and reenact R.S. 47:6020(C)(2)(b), (D)(1), (2)(a) and (b), and (5)(a) and (b), and  
3 (F)(2), to enact R.S. 47:6020(G), and to repeal R.S. 47:6020(D)(1) and (2)(a),  
4 relative to tax credits; to provide for the termination date for the Angel Investor Tax  
5 Credit Program; to provide for the amount of the credit; to provide with respect to  
6 the claiming of the credit; to provide for effectiveness; and to provide for related  
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6020(G) is hereby enacted to read as follows:

10 §6020. Angel Investor Tax Credit Program

11 \* \* \*

12 (G) The provisions of this Section shall be null and void and of no effect on  
13 and after July 1, 2021.

14 Section 2. R.S. 47:6020(C)(2)(b), (D)(1), (2)(a) and (b), and (5)(a) and (b), and  
15 (F)(2) are hereby amended and reenacted to read as follows:

16 §6020. Angel Investor Tax Credit Program

17 \* \* \*

18 C. Qualifications.

19 \* \* \*



1 franchise tax for the taxable period following the period in which the credit is earned.

2 The credits approved by the department shall be granted at the rate of twenty-five

3 percent of the amount of the investment with the credit divided in equal portions for

4 two years.

5 (b) After certifying the eligibility of the Louisiana Entrepreneurial Business  
6 and the amount of the investment, the secretary of the department shall issue a tax  
7 credit certificate, a copy of which is to be attached to the tax return of the angel  
8 investor. The tax credit available in the first year shall become deductible from tax  
9 liability in the taxpayer's income tax year which occurs ~~twenty-four~~ twelve months  
10 from the date the department certifies the amount of the investment.

11 \* \* \*

12 (5)(a) If at the close of any calendar year in the five-year period beginning  
13 with the first year in which a tax credit certificate was issued to an investor, the  
14 Louisiana Entrepreneurial Business is no longer domiciled in Louisiana, the tax  
15 credit shall be recaptured from the investor unless change of domicile is the result  
16 of a merger, consolidation, or other acquisition of such business or all or  
17 substantially all of the assets of the business with or by a party not affiliated with the  
18 business.

19 (b) If at the close of any calendar year in the three-year period beginning  
20 with the first year a tax credit certificate was issued to an investor, the investor  
21 transfers the equity received in connection with the qualified investment, the tax  
22 credit shall be recaptured from the investor unless the transfer results from any of the  
23 following circumstances:

24 (i) The liquidation of the business issuing the equity;

25 (ii) The merger, consolidation, or other acquisition of ~~such~~ the business or  
26 all or substantially all of the assets of the business with or by a party not affiliated  
27 with the business; ~~or~~

28 (iii) The death of the investor: ; or



1 Section 5. Sections 2 and 3 of this Act shall become effective on July 1, 2018.

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## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 454 Original

2017 Regular Session

Abramson

**Abstract:** Extends the sunset of the Angel Investor Tax Credit Program and provides for the amount of and period of time to claim the credit.

Present law establishes the Angel Investor Tax Credit Program which authorizes a tax credit for certain investments in a qualifying 'La. Entrepreneurial Business' ("business"), as such term is defined under present law. The program is administered by the Dept. of Economic Development ("Dept.").

Present law sunsets the program on July 1, 2017.

Proposed law extends the sunset through July 1, 2021.

Present law establishes requirements for eligibility of investments for award of the tax credit, including a requirement that prior to an investment in a business, the business shall have been approved by the Dept. as one which meets the qualifications of a La. Entrepreneurial Business.

Proposed law changes present law by changing the conditions based on the timing of the Dept.'s certification of the La. Entrepreneurial Business from before the investment is made to before the award of the tax credit.

Present law effective July 1, 2018 provides that the amount of the tax credit shall be equal to 35% of the amount of the investment, and that the credit be divided into equal portions over 5 years.

Proposed law changes present law effective July 1, 2018 by reducing the amount of the credit from 35% to 25% of the investment, and by reducing the number of years over which the credit shall be taken from 5 to 2 years.

Present law effective July 1, 2018 limits the amounts of qualified investment which may be made in a La. Entrepreneurial Business, with an annual limit of \$1 million per year per business, and an overall total limit per business of \$2 million.

Proposed law changes present law effective July 1, 2018 by reducing the annual limit per business from \$1 million to \$720,000, and the overall limit per business from \$2 million to \$1.44 million.

Present law provides that after a tax credit certificate has been issued by the Dept., the tax credit available in the first year shall become deductible from tax liability in the taxpayer's income tax year which occurs 24 months from the date the Dept. certifies the amount of the investment.

Proposed law changes present law by changing the time period during which the tax credit available in the first year may be applied based upon the date the Dept. certifies the amount of the investment, from the tax year occurring 24 months from the certification date to the tax year occurring 12 months from the certification date.

Present law establishes conditions under which a tax credit shall be recaptured from an investor during the three year period after the tax credit certificate is issued based upon the the investor transferring the equity received in connection with the qualified investment.

Proposed law changes present law by adding an exception for the instance where the investor transfers the equity in the business to an entity, trust or other organization under the control of the investor.

Provisions of proposed law concerning the sunset of the program, and effectiveness provisions of this Act become effective July 1, 2017.

Provisions of proposed law concerning the amount of the credit, the number of years over which it may be taken, and other program modifications become effective July 1, 2018.

(Amends R.S. 47:6020(C)(2)(b), (D)(1), (2)(a) and (b), and (5)(a) and (b), and (F)(2); Adds R.S. 47:6020(G); Repeals R.S. 47:6020(D)(1) and (2)(a))